

AMENDED IN ASSEMBLY MARCH 18, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 2712

Introduced by Assembly Member Chiu

February 19, 2016

An act to amend Section ~~16000~~ 4425 of the Business and Professions Code, relating to ~~business regulations~~ *pharmacies*.

LEGISLATIVE COUNSEL'S DIGEST

AB 2712, as amended, Chiu. ~~Business regulation~~. *Pharmacies: Medi-Cal program participation.*

Existing law provides for the Medi-Cal program, which is administered by the State Department of Health Care Services, under which qualified low-income individuals receive health care services. The Medi-Cal program is, in part, governed and funded by federal Medicaid program provisions. Existing law requires reimbursement to Medi-Cal pharmacy providers for drugs, as prescribed. As a condition for the participation of a pharmacy in the Medi-Cal program, and subject to specified exceptions, existing law requires the pharmacy, upon presentation of a valid prescription for a patient and the patient's Medicare card, to charge Medicare beneficiaries a price that does not exceed the Medi-Cal reimbursement rate for prescription medicines and an amount, as set by the department, to cover electronic transmission charges.

This bill would require the State Department of Health Care Services, on or before February 1, 2017, to report to the Legislature on the effectiveness of the Medi-Cal pharmacy procedures described above, as specified, and other options and strategies to achieve the greatest savings on prescription drugs for patients.

~~Existing law permits the legislative body of an incorporated city, in the exercise of its police power, to license any kind of business not prohibited by law that is transacted and carried on within its jurisdiction. Existing law prohibits the application of license fees, if measured by the licensee's income or gross receipts, to specified nonprofit organizations, among others.~~

~~This bill would make nonsubstantive changes to these provisions.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~ yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 4425 of the Business and Professions
2 Code is amended to read:
3 4425. (a) As a condition for the participation of a pharmacy
4 in the Medi-Cal program pursuant to Chapter 7 (commencing with
5 Section 14000) of Division 9 of the Welfare and Institutions Code,
6 the pharmacy, upon presentation of a valid prescription for the
7 patient and the patient's Medicare card, shall charge Medicare
8 beneficiaries a price that does not exceed the Medi-Cal
9 reimbursement rate for prescription medicines, and an amount, as
10 set by the State Department of Health Care Services to cover
11 electronic transmission charges. However, Medicare beneficiaries
12 shall not be allowed to use the Medi-Cal reimbursement rate for
13 over-the-counter medications or compounded prescriptions.
14 (b) The State Department of Health Care Services shall provide
15 a mechanism to calculate and transmit the price to the pharmacy,
16 but shall not apply the Medi-Cal drug utilization review process
17 for purposes of this section.
18 (c) The State Department of Health Care Services shall monitor
19 pharmacy participation with the requirements of subdivision (a).
20 (d) The State Department of Health Care Services shall conduct
21 an outreach program to inform Medicare beneficiaries of their
22 right to participate in the program described in subdivision (a),
23 including, but not limited to, the following:
24 (1) Including on its Internet Web site the Medi-Cal
25 reimbursement rate for, at minimum, 200 of the most commonly
26 prescribed medicines and updating this information monthly.
27 (2) Providing a sign to participating pharmacies that the
28 pharmacies shall prominently display at the point of service and

1 at the point of sale, reminding the Medicare beneficiaries to ask
2 that the charge for their prescription be the same amount as the
3 Medi-Cal reimbursement rate and providing the department's
4 telephone number, e-mail address, and Internet Web site address
5 to access information about the program.

6 (e) If prescription drugs are added to the scope of benefits
7 available under the federal Medicare program, the Senate Office
8 of Research shall report that fact to the appropriate committees of
9 the Legislature. It is the intent of the Legislature to evaluate the
10 need to continue the implementation of this article under those
11 circumstances.

12 (f) This section shall not apply to a prescription that is covered
13 by insurance.

14 (g) (1) *On or before February 1, 2017, the State Department*
15 *of Health Care Services shall submit a report to the appropriate*
16 *policy and fiscal committees of the Legislature on the effectiveness*
17 *of subdivision (a), with data derived pursuant to subdivisions (b)*
18 *to (d), inclusive, and other data as the department deems necessary.*
19 *The department also shall include in the report other options and*
20 *strategies to achieve the greatest savings on prescription drugs*
21 *for patients.*

22 (2) *A report submitted pursuant to this subdivision shall be*
23 *submitted in compliance with Section 9795 of the Government*
24 *Code.*

25 (3) *The requirement for submitting a report imposed under this*
26 *subdivision is inoperative on February 1, 2021, pursuant to Section*
27 *10231.5 of the Government Code.*

28 ~~SECTION 1. Section 16000 of the Business and Professions~~
29 ~~Code is amended to read:~~

30 ~~16000. (a) The legislative body of an incorporated city may,~~
31 ~~in the exercise of its police power, and for the purpose of~~
32 ~~regulation, as herein provided, and not otherwise, license any kind~~
33 ~~of business not prohibited by law transacted and carried on within~~
34 ~~the limits of its jurisdiction, including all shows, exhibitions and~~
35 ~~lawful games, and may fix the rates of the license fee and provide~~
36 ~~for its collection by suit or otherwise. Any legislative body,~~
37 ~~including the legislative body of a charter city, that fixes the rate~~
38 ~~of license fees pursuant to this subdivision upon a business~~
39 ~~operating both within and outside the legislative body's taxing~~
40 ~~jurisdiction, shall levy the license fee so that the measure of the~~

1 fee fairly reflects that proportion of the activity actually carried
2 on within the taxing jurisdiction.

3 (b) ~~A license fee levied pursuant to subdivision (a) that is~~
4 ~~measured by the licensee's income or gross receipts, whether levied~~
5 ~~by a charter or general law city, shall not apply to any nonprofit~~
6 ~~organization that is exempted from taxes by Chapter 4~~
7 ~~(commencing with Section 23701) of Part 11 of Division 2 of the~~
8 ~~Revenue and Taxation Code or Subchapter F (commencing with~~
9 ~~Section 501) of Chapter 1 of Subtitle A of the Internal Revenue~~
10 ~~Code of 1986, or the successor of either, or to any minister,~~
11 ~~clergyman, Christian Science practitioner, rabbi, or priest of any~~
12 ~~religious organization that has been granted an exemption from~~
13 ~~federal income tax by the United States Commissioner of Internal~~
14 ~~Revenue as an organization described in Section 501(c)(3) of the~~
15 ~~Internal Revenue Code or a successor to that section.~~

16 (e) ~~Before a city, including a charter city, issues a business~~
17 ~~license to a person to conduct business as a contractor, as defined~~
18 ~~in Section 7026, the city shall verify that the person is licensed by~~
19 ~~the Contractors' State License Board.~~